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THE IMPACT OF E-COMMERCE DEVELOPMENT ON THE COMPETITIVENESS OF SMALL AND MEDIUM-SIZED BUSINESSES

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Abstract. The article assesses the impact of e-commerce development on the competitiveness of small and medium-sized enterprises (SMEs) in Uzbekistan. The study applied descriptive statistical, comparative and structural analysis based on official statistics, analytical reports and international sources for 2023–2025, as well as the concepts of Porter, the resource-based view and the technology–organization–environment (TOE) framework. The results show that, according to official statistics, e-commerce turnover grew from UZS 13.26 trillion in 2023 to UZS 15.21 trillion in 2024 (+14.7%), but its share in retail trade amounted to 3.71%, which is considerably lower than in Kazakhstan (20%) and Belarus (14%). Estimates of market size from different sources differ by up to 1.7 times. Small business generates 51.5% of GDP (nine months of 2025) and accounts for 81.8% of retail turnover; therefore, the impact of e-commerce on competitiveness is shaped through four channels: market reach, costs, use of data and the risk of dependence on platforms. The article proposes digitalization measures for SMEs and the design of a future survey-based econometric study.

Keywords: e-commerce, small and medium-sized business, competitiveness, marketplace, digital payments, Uzbekistan.

1. Introduction

Over the past decade, e-commerce has become the fastest-growing segment of global trade: in 2025 the global e-commerce market exceeded USD 6.42 trillion, with growth driven by mobile commerce, digital logistics and AI-based personalization [6]. For small and medium-sized businesses, this channel makes it possible to ease traditional constraints – a small local market, high sales costs and limited marketing capacity. At the same time, it creates new competitive conditions: competition with international and local marketplaces, and risks such as the concentration of commissions and data control in the hands of platform owners.

The topic is relevant for Uzbekistan for the following reasons. First, small business is the mainstay of the economy: as of 1 October 2025 there were 1.21 million active small business entities, which generated 51.5% of GDP in the first nine months of 2025 [10]. Second, internet infrastructure has reached a high level: the share of the population using the internet rose from 89% in 2023 to 93.3% in 2024 and to 94.2% in January–August 2025 [4]. Third, the state has adopted an e-commerce strategy (2023–2027), and the sector is regulated by the National Agency for Perspective Projects [5; 8]. The development trends and prospects of the sector have been covered in scientific publications [7]; however, the impact of e-commerce on small business competitiveness has not been systematically assessed on the basis of official data.

The aim of the study is to identify the channels through which e-commerce development affects SME competitiveness, to assess their scale on the basis of data for Uzbekistan, and to develop policy recommendations. Research questions: (1) What are the current volume and structure of e-commerce?

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(2) What role does small business play in this process? (3) What opportunities and risks exist for competitiveness? (4) What measures would accelerate the digital integration of SMEs?

2. Theoretical framework and methods

Porter's "Strategy and the Internet" concept was chosen as the theoretical basis: by changing the structure of industries, the internet increases the bargaining power of buyers and lowers entry barriers, so competitive advantage is secured not by technology alone but by a unique strategic position [1]. According to the resource-based view (RBV), competitive advantage arises from valuable, rare and hard-to-imitate resources; for small business, such resources are customer data, brand and operational flexibility [2]. The technology–organization–environment (TOE) framework was used to analyze technology adoption [3].

The impact of e-commerce on competitiveness is analyzed along four channels: (1) market reach (new customers, regions, exports); (2) costs (points of sale, transactions, logistics); (3) use of data (demand forecasting, pricing); (4) platform dependence (commissions, algorithms, account risk). Methods: (a) descriptive and dynamic statistical analysis; (b) testing the reliability of measurement by comparing estimates from different sources; (c) comparative analysis (Kazakhstan, Belarus); (d) structural analysis through the share of small business across sectors. The data were collected from official reports of the National Statistics Committee, scientific publications, international analytical agencies and materials published by commercial services. No primary (survey) data were collected; this is the main limitation of the study, and Section 5 presents the design of a future study.

3. Results

3.1. Dynamics of the e-commerce market

Table 1. E-commerce and internet use indicators in Uzbekistan

Indicator	2023	2024	2025
E-commerce turnover (official statistics), UZS trillion	13.26	15.21	22.7 (estimate)*
Growth rate, %	–	+14.7	≈ +49*
Share of retail trade, %	–	3.71	≈ 4.6*
Share of the population using the internet, %	89.0	93.3	94.2 (January–August)

Source: [4]; * the 2025 figure is an estimate based on a report by the regulatory body, and its methodology may differ from that of official statistics, so it is not directly comparable with 2024; the growth rate is the author's calculation.

According to official statistics, turnover rose by 14.7% in 2024, and its share amounted to 3.71% of retail trade (UZS 15.21 trillion / UZS 410.07 trillion) [4]. In an international comparison, according to INFOLine data, online trade accounted for about 3% of retail turnover in Uzbekistan, compared with 20% in Kazakhstan and 14% in Belarus [9]. That is, the potential for expansion is large, but for now traditional trade remains dominant.

3.2. The measurement problem: differences between source estimates

Table 2. Estimates of the size of Uzbekistan's e-commerce market by source (USD)

Year	Estimate	Source

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Year	Estimate	Source
2023	543 million – 1 billion (according to Forbes estimate)	[8] nCa report
2024	≈ 700 million (KPMG/Daryo)	[8] nCa report
2024	1.2 billion	[6] UzDaily
2025	2.649 billion	[13] ECDB

Source: compiled by the author on the basis of the sources indicated. Ratio of the high and low estimates for 2024: 1.2 / 0.7 ≈ 1.7.

Table 2 clearly shows the measurement problem: for 2024 there is a difference of about 1.7 times between the market size estimates. The reason is differences in coverage: some estimates include or exclude sales through social networks, cross-border trade, the B2B segment and various payment channels [4]. Therefore, relying on the figures of a single source when analyzing competitiveness indicators is risky, and firm-level data are needed to assess the impact.

3.3. The role and structural features of small business

Table 3. The role of small business in the economy

Indicator	Value	Source
Active small business entities (1 October 2025)	1.21 million	[10]
– of which small enterprises and microfirms	479 thousand	[10]
– individual entrepreneurs	281.9 thousand	[10]
Share in GDP (January–September 2025)	51.5%	[10]
Share in industrial output	33.4%	[10]
Share in retail turnover	81.8% (UZS 258.77 trillion)	[10]
Share in services	55.0% (UZS 397.49 trillion)	[10]
Share in employment (2025)	74.9%	[11]
Share in exports (2025)	36.6%	[12]

Source: compiled by the author on the basis of the sources indicated.

Small business accounts for 81.8% of retail turnover and 74.9% of employment, meaning that the decision to move to the online channel, or to adapt to it, matters for the entire trade system. At the same time, the fact that the employment share (74.9%) is higher than the GDP share (52.2%) [11] indicates low average productivity of small business; e-commerce may be one of the tools for narrowing this gap.

3.4. Channels of impact on competitiveness

Table 4. Channels of e-commerce impact on SME competitiveness

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Channel	Opportunity	Risk	Observable indicator
Market reach	New regions and customers; exports (Alibaba Export Accelerator program for 100 companies [5])	Competition with international sellers (AliExpress, Wildberries, Ozon, Yandex [5])	Share of online sales; number of new customers
Costs	Lower costs of points of sale and marketing	Marketplace commission, delivery cost	Cost per order; profit margin
Data	Demand forecasting, price adjustment	Data under platform control	Inventory turnover
Platform dependence	Ready-made infrastructure and payment system	Risk of algorithm changes, commissions or account blocking	Share of revenue dependent on a single platform

Source: compiled by the author on the basis of the concepts in [1; 2; 3] and the data in [5].

4. Discussion

The results confirm Porter's analysis: although e-commerce lowers entry barriers for small business, competition intensifies and profit may shift toward the platform owner and the buyer [1]. In Uzbekistan this risk is two-sided: local SMEs compete in the same market not only with local sellers but also with sellers on international marketplaces [5]. Therefore, according to the RBV logic [2], competitiveness is secured not merely by going online but through a unique product, brand, quality and service.

Within the TOE framework [3], SMEs' adoption of e-commerce depends on three groups of factors: technological (internet penetration is at 94.2%, and digital payments are widespread), organizational (managerial skills, resources) and external environment (regulation, logistics, foreign platforms). According to the data, the technological conditions are well developed, yet the share of online trade remains at 3.71%; this suggests that organizational and logistical factors are the limiting ones. This assumption should be tested through a future survey.

Limitations: (1) there are no primary data, so the causal relationship is not statistically proven and the analysis is descriptive; (2) the differences between market size estimates are large, and official statistics for 2025 are not yet complete; (3) there is a statistical difference between the concepts of small business and SMEs, and medium-sized enterprises are not separated out.

5. Conclusion and recommendations

Although e-commerce is growing rapidly in Uzbekistan, its share in retail trade is still low (3.71%). Since small business accounts for 81.8% of trade turnover, the question of competitiveness will be resolved precisely through this segment. Recommendations:

– Establish a unified methodology for e-commerce statistics (rules for covering social networks, cross-border and B2B trade) and publish it quarterly.

– Expand short-term training programs on digital skills for SMEs (online store, marketing, data analysis); develop logistics and delivery infrastructure in the regions.

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– Strengthen transparency in contracts with marketplaces and oversight of commissions; guarantee sellers the right to use data.

– Extend export programs such as Alibaba Export Accelerator to other platforms and promote local SME products through the "Made in Uzbekistan" brand.

– Encourage multichannel sales models (own website, social network, marketplace) to reduce dependence on a single platform.

Design of future research. To empirically test the current descriptive results, it is proposed to conduct a survey on a stratified sample of SMEs by sector and region. Hypotheses to be tested: H1 – the adoption of e-commerce increases revenue per employee; H2 – this effect is stronger in firms with high digital skills; H3 – dependence on a single platform reduces the profit margin; H4 – the cross-border channel increases the export share. Baseline model: $\ln(\text{Revenue/Employee}) = \beta 0 + \beta 1 \cdot EC + \beta 2 \cdot Size + \beta 3 \cdot Age + \beta 4 \cdot Sector + \beta 5 \cdot Region + \varepsilon$, where EC is an indicator of e-commerce use (or the share of online revenue). The endogeneity problem can be addressed through instrumental variables (for example, internet speed or distance to a logistics center).

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